GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:194
ANSWERED ON:09.03.2011
CONTRIBUTION TO GDP
Yadav Shri Hukamdeo Narayan

Will the Minister of PLANNING be pleased to state:

(a) whether the National Council of Applied Economic Research (NCAER) in their recent study has stated that 20% population of lower strata contributed 5.2% in the growth/Gross Domestic Product (GDP) and 20% population of upper strata contributed 52.7%;

(b) if so, the main findings of the study;

(c) the efforts being made to reduce this disparity;

(d) whether the Planning Commission maintains the data about the value of assets of leading industrial houses;

(e) if so, the details of total assets of top ten industrial houses separately alongwith the percentage in national growth/GDP; and

(f) if not, the reasons for not taking into account such relevant factors while computing the national income?

Answer

MINISTER OF STATE FOR PLANNING, PARLIAMENTARY AFFAIRS, SCIENCE & TECHNOLOGY AND EARTH SCIENCES(DR. ASHWANI KUMAR)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 194 REGARDING "CONTRIBUTION TO GDP" BY SHRI HUKUMDEV NARAYAN YADAV DUE FOR ANSWER ON 9th MARCH, 2011.

(a) & (b): The National Council of Applied Economic Research (NCAER) in their study titled 'How India Earns, Spends and Saves', has brought out that bottom 20% of the population contributed 5.2% of the total income where as top 20% of the population contributed 52.7% of the total income in 2004-05. The main findings of the study include:

I. The number of low-income households (those earning under Rs 45,000 per annum at 2001-02 prices) is estimated to have fallen from 84 million in 1985-86 to 65 million in 2001-02, and this number is projected to further decline to 41 million by end of the decade.

II. The number of middle-income households (earning Rs 45,000 to Rs 180,000 per annum at 2001-02 prices) is estimated to have increased from 43 million in 1985- 86 to 109 million in 2001-02 and is expected to rise further to 141 million in 2009-10.

III. Bottom 25.5 percent rural Indians contribute 8.4 percent of the total rural income as compared to about 14 percent rural Indians belonging to top income quintile contributing 41 percent of the total rural income.

IV. Bottom 6.2 percent of the urban Indians contribute 1.1 percent to total urban income as against 36 percent belonging to top income quintile of urban population contributing 68 percent of total urban income.

V. The high-income households (earnings over Rs. 180,000 per annum at 2001-02 prices) are projected to have risen from 1.4 million to 13.8 million during the same period and expected to further rise to 47 million in 2009-10.

The study report highlights gradual and steady increase in the income and living standards of each level of households implying that the number of low income households is declining. The report states as under:

'The wheel of fortune continues to spin in India, with each level of household income set to move a notch higher by end of the decade'.

(c): Reduction of economic disparities between the rich and the poor has been one of the primary policy objectives of development planning in India. The Eleventh Five Year Plan adopted the strategy of inclusive growth to ensure that the benefits of growth reach all the sections of the society. Government is implementing a number of flagship programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Swaranjayanti Gram Swarozgar Yojana (SGSY), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), Indira Awas Yojana (IAW), Integrated Child Development Scheme (ICDS), Mid-Day Meal Scheme, Sarva Shiksha Abhiyaan (SSA), National Rural Health Mission (NRHM), Rural Drinking Water Supply and Total Sanitation Campaign, Indira Awaas Yojana (IAY), Targeted Public Distribution System (TPDS) etc towards this end. In addition, implementation of Indira Gandhi National

Old Age Pension Scheme (IGNOAPS) is one of the initiatives to strengthen the social security. These programmes individually and collectively are expected to narrow the gap between the affluent and the disadvantaged sections of the society.

(d) & (e): The information on the assets of industrial houses is not maintained in the Planning Commission.

(f): National income, measured by Net National Income (NNI) at factor cost, is the money value of all goods and services produced in an economy in a year plus the net factor income from abroad net of depreciation. National Income is computed by the Central Statistical Office (CSO) of the Ministry of Statistics and Programme Implementation (MOSPI) and not by the Planning Commission. The methodology for estimating National Income is contained in the CSO's publication of 'National Account Statistics-Sources and Methods (2007)' and brochure on 'New Series of National Accounts Statistics, Base Year 2004-05'.